

Exhibit 322

(Filed Under Seal)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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THE PEOPLE OF THE STATE OF NEW
YORK,

Plaintiff,

v.

ACTAVIS, PLC, and FOREST
LABORATORIES, LLC,

Defendants.

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New York, N.Y.
14 Civ. 7473 (RWS)

November 14, 2014
10:00 a.m.

Before:

HON. ROBERT W. SWEET,
District Judge

APPEARANCES

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State of New York
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1 the third, is that market forces will ensure that the generic
2 IR form is going to in fact compete with Namenda XR.

3 Q. Right. Let's drill down on each of those. Let's go to
4 your first conclusion, which, as you said, is that "innovative
5 new drugs have enormous value to society and are very costly to
6 develop."

7 What did you base that conclusion on?

8 A. So this is an area of research that's been pretty prolific
9 in the literature, and I participated in it to some extent.
10 And what I think most researchers agree on is that when you
11 look at improvements in life expectancy and decreases in infant
12 mortality over the last 20 years -- and that moves because the
13 years go on, but since, say, 1980, it's mostly drugs. And it's
14 significant. It's about -- you gain about a month of life
15 every year. So it's very large. And if you want to put that
16 in terms of dollars, it's about -- it's over three trillion
17 dollars per year in gains to the American economy.

18 The second point that is important to remember is that
19 while obviously pharmaceutical products and innovative products
20 are costly, it's also the case that simultaneously they reduce
21 non-drug medical spending. So, for example, a drug may allow
22 you to leave the hospital sooner and shorten your stay, which,
23 in turn, is going to reduce your hospital bill. So you have to
24 consider that when you think about the cost of these new
25 products.

1 And then the flip side of this, of course, is that new
2 drugs are costly and risky to develop. I think that's also
3 well known. So some numbers have been put to that. The one
4 calculation is that the cost of developing a new drug is about
5 \$1.3 billion. It doesn't mean that every successful new drug
6 costs \$1.3 billion but there are many drugs that fail, and, of
7 course, they're costly and bring no benefits. So if you take
8 the average of all those drugs, you find that per successful
9 drug, the cost is about \$1.3 billion. And part of the reason
10 why it is so high is because so many drugs fail. And in the
11 area of the treatment of Alzheimer's symptoms, that's
12 particularly true, with a very high rate of failure of
13 99.6 percent, approximately.

14 (Continued on next page)

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